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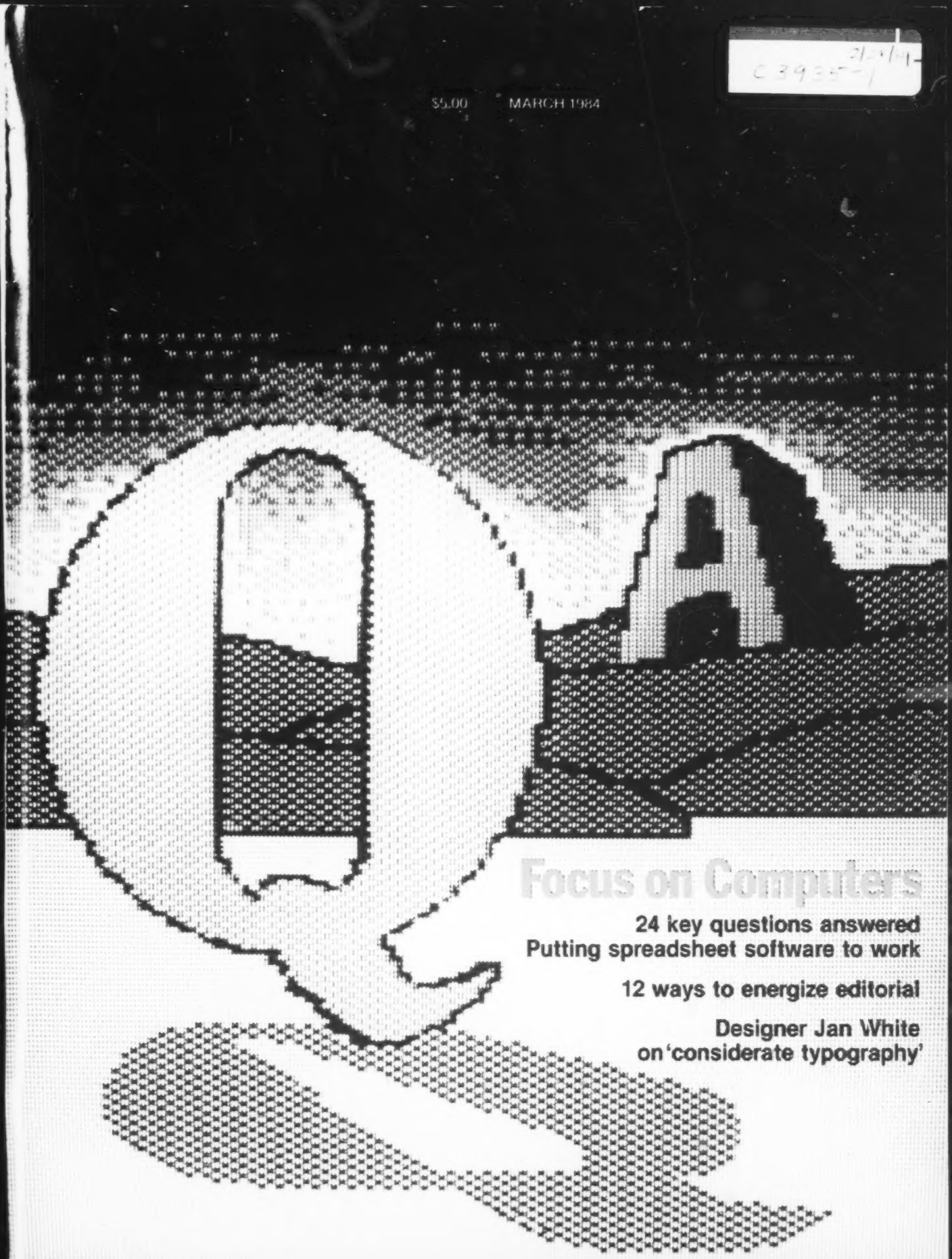

Focus on Computers

24 key questions answered
Putting spreadsheet software to work

12 ways to energize editorial

Designer Jan White on 'considerate typography'

MARCH 1984 VOL.13 NO.3

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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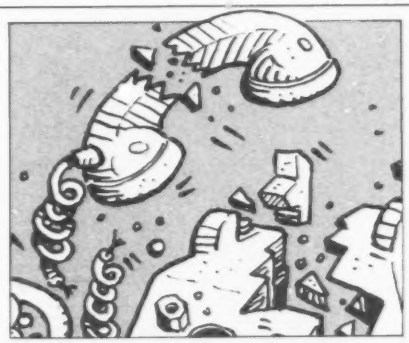

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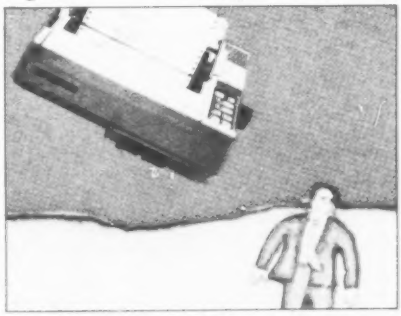

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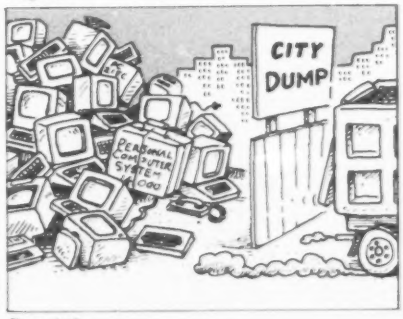

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Putting spreadsheet software to work

By Don Nicholas and Judy Quick
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12 ways to energize your editorial

By David Lott
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Considerate typography

By Jan V. White
It's user-friendly, reader-oriented—and more. Page 97.

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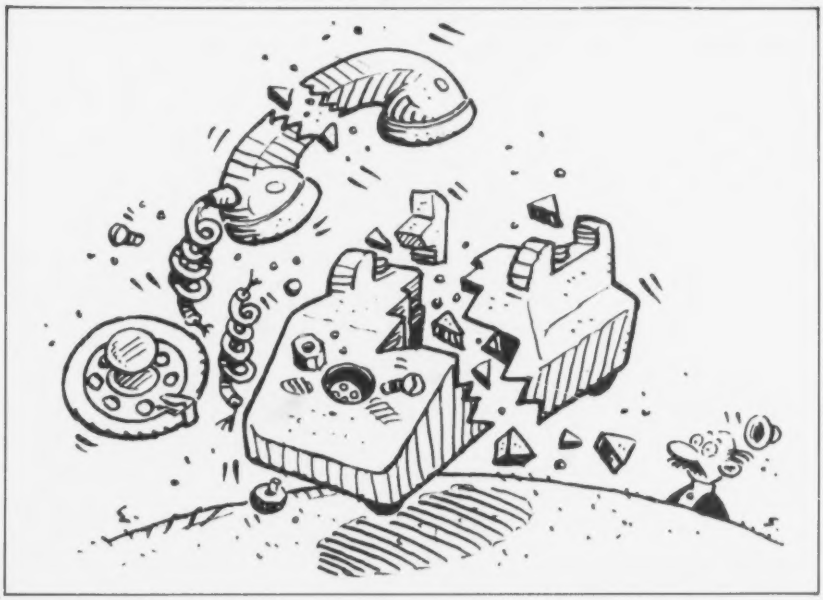
Cover Design: Steve Phillips Design, Inc.



pete," he says.

For local service, Thornton continued, there may be more choices in equipment offered than in services provided. However, changes on the way in the telecommunications field "will dramatically change the way we use the telephone," he asserts. For instance, cellular phone systems could become more widely used, or perhaps cable lines rather than the phone lines could be used to bring in telephone transmissions.

"If phone costs get out of line, companies will have to examine the cost-benefit ratios of using the phones, and look at other alternatives," Thornton counsels. "We don't analyze well enough how we use the telephone and often, it isn't the best method of communication for our needs," he says. Up to now, phone charges have been relatively inexpensive, so that such an analysis hasn't been needed, he added.

And, he noted, publishers should band together to insist on better rates. Rate increases are regulated by state commissions as well as by the FCC, and in the past, Meredith has fought AT&T on rate cases. "More user groups are springing up all the time," Thornton says, and publishers must be vigilant about what is going on in this area.

Magazine publishers included among *Inc.*'s fastest-growing firms

Boston—Executives of the eight magazine publishing companies included on *Inc.*'s annual list of the 500 fastest-growing small private companies attribute their success to everything from "dumb luck" to "filling a niche" to "attention to quality." Three out of the eight companies are located in the South, a couple are in the West and the rest are in Northern states.

Each company included on the *Inc.* ranking has met certain criteria for success set up by the magazine's editors: primarily an extremely high percentage of sales increase from fiscal 1978 through fiscal 1982. As a group, the 500 companies listed by *Inc.* achieved a 770 percent sales growth in that time period. For the eight companies involved in magazine publishing, sales growth over that five-year period ranged from 417 percent to 2,220 percent.

How have these magazine publishers achieved such success? The magazines involved represent a wide variety of publishing specialties, from regional business magazines to fantasy/game-playing magazines. Several of the companies do not rely entirely on their magazine properties for sales and income, it should be noted.

Following is a brief description of each of the companies and how they've arrived where they are.

Feldman Communications of Miami Beach, Florida, ranked highest on the *Inc.* list among magazine publishers at number 44. It showed the highest percentage of sales growth over five years—2,220 percent (1982 sales were $5,800,000 compared with 1978 sales of $250,000).

Feldman's primary publishing property is *Playbill*, a South and Southwest version of the *Playbill* that is published by another company for Broadway theatres in New York City. As regional theatre has grown in the South and Southwest, so has the need for *Playbill*, which has been published by his company for eight years, explains Les Feldman, president and publisher.

In addition to *Playbill*, Feldman also publishes other magazines: *Sunshine*, an in-flight magazine for Air Florida; and *Triangle*, a monthly maga-

(Continued on page 17)

Eight fastest-growing private magazine publishers as ranked by *Inc.*

Company	1982 sales (000)	1978 sales (000)	% increase 1982 vs. 1978
Feldman Communications	$5,800	$250	2,220%
TSR, Inc.	20,773	930	2,133
General Communications	1,439	104	1,282
Central Mass Media	1,320	107	1,132
Wizard Publications	1,804	188	860
Southern Accents Magazine	2,959	444	566
Skybird Publishing	1,697	270	529
Seavex Limited	1,256	243	417

"Dumb luck" and "hard work" were some reasons for success given by the publishers that made *Inc.*'s fastest-growing privately held small company list.

ILLUSTRATION BY ELWOOD H. SMITH

cars, it should examine the kind of automobile coverage it has, this expert continued. Perhaps a "tradition-bound" company still carries $100 deductible insurance. This is definitely outdated for a company with a good-size cash flow, which can afford to pay for minor accidents. "You can carry a $500, $700 or even $1,000 deductible on company-owned cars, and substantially reduce the premiums you pay," he counsels.

The evaluation procedure for his particular company resulted in the choice of two insurance carriers to handle different portions of the coverage, and the hiring of an employee to administer them. "You need someone on staff dedicated to the monitoring and channeling of all communications through these companies, doing the massive amount of paperwork required and answering the questions of employees," this executive says.

Investigation of different carriers will reveal that some are better in certain areas than others, he continued. For instance, Allstate is "very good" on automobile insurance, accident and disability, whereas Prudential, Blue Cross and Blue Shield are good on major medical, and Connecticut General is "good overall." One resource that companies can rely on for providing good information on what's happening in the insurance industry is A.M. Best, which issues books and other publications giving constant updates on the insurance industry, he concluded.

Consumer magazines: Growing slowly, but holding margins

New York City—By some financial criteria, consumer magazine performance for 1978-1982 was lackluster compared with that of other segments of the communications industry. Consumer magazines ranked near last or last among nine communications segments in growth and margins. However, consumer magazines did an excellent job maintaining margins during these tough years, when almost every other segment lost ground.

These conclusions are drawn from data compiled by Veronis, Suhler & Associates (VS&A), a New York investment banker, in a study covering 152 communications companies, in which lines of business were analyzed separately.

The report includes data on the following segments of the communications industry in addition to consumer magazine publishing: radio and TV broadcasting, cable/pay TV, business information services, newspapers, advertising agencies, book publishing, entertainment programming and distribution, and business magazines. (FOLIO *will analyze business magazine performance separately in the April issue.*)

All figures used for the report came from public sources—annual reports, 10Ks, 10Qs and proxy statements—so private companies are excluded.

Because information for the VS&A report is compiled from public sources, it omits many consumer magazine publishing companies. The report itself highlights the omission of any data related to Hearst Corporation, Conde Nast Publications, The Reader's Digest Association and Triangle Publications. Ziff-Davis, Petersen Publishing, Rodale Press, Penthouse and many others are also not included.

The VS&A analysis does provide a perspective on the financial performance of 10 consumer magazine publishing firms over five years, individually and as a group, and compares their performance with that of each of the other communications segments and of other industries.

For example, consumer magazines had a compound annual growth rate (CAGR) of 10 percent—not very impressive compared with the communications industry average of 15.1 percent and relatively weak compared with the CAGR of cable and pay TV (55 percent) and of broadcast (30 percent). Business magazines did only slightly better in CAGR (11 percent) than consumer magazines.

However, when compared with a broad spectrum of industries, consumer magazines experienced average revenue growth. The *Business Week* 1,200 had an average CAGR for 1978-1982 of 9.7 percent; the Standard & Poor's 400 registered a 9.6 percent CAGR, the report points out.

Here are some of the report's other highlights concerning consumer magazines:

•Among companies, Cadence turned in the highest CAGR (18 percent), followed by Time Inc. magazines (13 percent) and The New Yorker

Consumer magazine publishing performance 1978-1982

Rank	Company	1982 revenues (millions)
1	Time Inc.	$941.0
2	Meredith	288.6
3	Washington Post	279.2
4	Times Mirror	189.4
5	New York Times	169.4
6	Playboy	165.3
7	New Yorker	60.0
8	Cadence	45.5
9	T-L Enterprises	14.9
10	National Lampoon	10.8
	Consumer magazine total	$2,164.1
	Communications industry total	$44,607.3

Rank	Company	1982 pre-tax operating income (millions)
1	Time Inc.	$105.0
2	Meredith	31.9
3	New York Times	23.6
4	Times Mirror	17.2
5	Washington Post	13.3
6	Playboy	11.9
7	New Yorker	7.5
8	Cadence	4.9
9	National Lampoon	0.4
10	T-L Enterprises	—0.1
	Consumer magazine total	$215.6
	Communications industry total	$6,404.6

Rank	Company	1978-1982 revenues CAGR*
1	Cadence	18%
2	Time Inc.	13
3	New Yorker	12
4	Meredith	10
5	Playboy	10
6	T-L Enterprises	10
7	New York Times	7
8	Washington Post	7
9	Times Mirror	5
10	National Lampoon	4
	Consumer magazine average	10%
	Communications industry average	15%

Rank	Company	1982 operating margins
1	New York Times	14%
2	New Yorker	13
3	Cadence	11
4	Meredith	11
5	Time Inc.	11
6	Times Mirror	9
7	Playboy	7
8	Washington Post	5
9	National Lampoon	4
10	T-L Enterprises	—1
	Consumer magazine average	10%
	Communications industry average	14%

*Compound annual growth rate

Source: Veronis, Suhler & Associates

Financial information for the consumer magazine segment of the communications industry is reported as a distinct line of business.

(12 percent).

•Magazine revenues of the 10 consumer publishers studied grew each year, from $1.46 billion in 1978 to $2.16 billion in 1982 (the last year for which public data are available). But revenue growth has slowed from a high of 16.6 percent in 1979 to only 5.2 percent in 1982.

•In 1982, Time Inc. (magazines only) had the highest revenue, $941 million; Meredith came in second, at $288.6 million.

•Operating income grew from $159.0 million in 1978 to $215.6 million in 1982, with growth each year except 1980: 2.8 percent in 1979, -3.7 percent in 1980, a booming 27.5 percent in 1981 (when consumer magazines obviously streamlined their operations) and 7.5 percent in 1982.

•Cadence turned in an operating income growth performance head and shoulders above others. Cadence, which owns the Marvel Comics Group, had an operating income growth for the five years of 34 percent—twice that of the runners-up, The New York Times Company's magazine division (17 percent), Meredith (16 percent) and The New Yorker (15 percent).

By comparison, the average operating income growth of the consumer magazine segment was 8 percent, and the communications industry average was 9 percent.

•The average operating margin for the consumer magazine publishers studied was 10 percent in 1982. The VS&A average for the communications industry was 14 percent.

•Three of the consumer magazine segment's revenue and income leaders—Meredith, Time and The New York Times (magazines only)—also appear among the leaders in 1982 operating margins, the report finds. The New York Times had an operating margin for magazines of 14 percent: The New Yorker, 13 percent. Meredith, Time and Cadence all had an 11 percent operating margin. However, only the segment leader—The New York Times magazine division—had a 1982 margin that matched the communications industry average.

•Consumer magazine publishing ranks in the bottom third of the nine communications segments analyzed in terms of revenues, income and margins, according to VS&A.

•Although margins for magazine publishing are low, they held up better than those of all other communications groups (except one) over the five-year period. Magazines' margin index slipped only 8.5 percent, compared with a drop of 54 percent for cable and pay TV. The one segment that improved margins from 1978 to 1982 was business communications services, which improved margins 19.6 percent.

•Overall, the communications industry has one of the highest growth rates of all industries, according to the VS&A report. It grew faster from 1978 to 1982 than all but a handful of the 34 traditional industry groups as measured by *Business Week*. In 1982, communications ranked first in revenue growth, eighth in income growth and seventh in profitability.

•VS&A notes that the role of consumer magazine publishing in the communications industry has decreased during the five-year period studied. In 1978, consumer magazines accounted for 5.8 percent of the communications industry's revenues and 3.6 percent of the industry's operating income. By 1982, these percentages had declined to 4.9 percent and 3.4 percent respectively.

The VS&A report is the first in a series of semi-annual reports being made available at an annual cost of $500.

Trim travel costs 8% to 9% by monitoring requests

Oradell, N.J.—Hiring an employee to handle all a company's travel bookings can result in savings of 8 percent to 9 percent on travel costs in a company with at least one million dollars in yearly travel expenses, counsels Joe Valenzano, vice president of finance, Medical Economics Company. Savings achieved will more than pay for the individual's salary, he adds. The move requires strict monitoring of all travel requests, however, as well as a close working relationship with a travel agent who can provide certain reports, he noted.

Too many companies fall into a trap by working with a local travel agency of paying more than they should for travel expenses, Valenzano said. They mistakenly choose a convenient address over services provided. Rather, a travel agent that can offer certain reporting capabilities should be used, and should work in tandem with an employee of the company in monitoring these costs.

For instance, a travel agent that works with Medical Economics is able to tie in to a major airline's booking system, and thus can instantly produce a readout on, say, all the flights from New York to Chicago within a certain time period and their rates. It can then select the cheapest route. Should the employee for whom the flight is being booked request a more expensive flight, which perhaps is more direct, the travel agent will note

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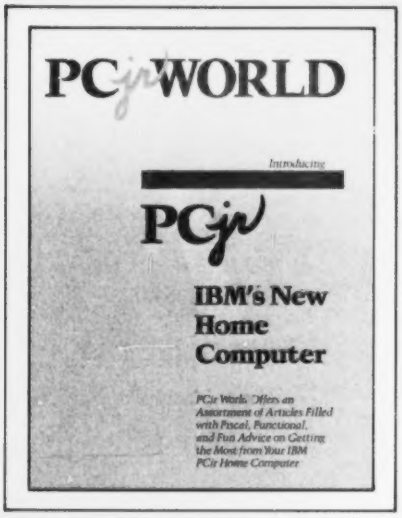
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PCjr World Offers an Assortment of Articles Filled with Practical, Functional, and Fun Advice on Getting the Most from Your IBM PCjr Home Computer

Inserting a new magazine within another for several issues protects its growth in "an uncertain market," says the publisher of *PCjr World*.

point will have its own subscriber list and its own circulation rate base, although Bunnell would not estimate what those might be. The magazine's circulation is tied to the number of PCjr users, which is not yet determined.

Area business magazines contributing to databank

Louisville, Ky.—About 90 local, state and regional publications are contributing to Area Business Databank (ABD), a monthly anthology of business news that is provided on microfiche to subscribers.

Each issue of the publication contains more than 800 articles taken from the participating magazines. Subscribers, who currently include banks, universities, corporations and federal and state government agencies, pay $635 to subscribe to the service.

Participating publishers receive $2.50 for each story ABD uses, a free subscription to the service, and $150 for each ABD subscription they generate. "We're also giving exposure to these publications that they would not normally get, in markets they would not normally venture into," points out Lewis M. Conn, president of ABD and former publisher of *Kentucky Business Journal*.

Conn, who is also executive director of the Association of Area Business Publications (AABP), said all but a few of the participating publications are AABP members. ABD and AABP, however, are not affiliated, he noted.

ABD includes regional business statistics and stories on local business trends, new technologies and products, successful entrepreneurs, state tax policies, legislative and regulatory actions, market strategy, management styles, litigation and emerging stocks, he said.

The service had about 60 subscribers as of late December, Conn said. It must have 700 subscribers in order to break even in 1984, he said.

Inc.'s fastest-growing firms

(Continued from page 8)

zine for the Florida Jaycees. The company also publishes souvenir programs. Feldman says circulation for *Playbill* is about 260,000 monthly in Florida, and 145,000 in Texas and Louisiana. *Sunshine* reaches the airline's 300,000 customers, and *Triangle* has a 14,000 paid circulation.

In addition to putting out these publishing properties, Feldman's staff of 40 also runs a computerized ticket company in Florida called Select-A-Seat.

The next highest-ranked publishing company on the *Inc.* list, at number 51, is TSR, Inc., Lake Geneva, Wisconsin, known to game-players as the official publishers of Dungeons & Dragons rules and booklets. The company, which has been on the *Inc.* list for three years, according to publisher Mike Cook, has created many spin-off products from the original Dungeons & Dragons theme. One is a monthly magazine to aid players of fantasy/role-playing games, called *Dragon*, which has a circulation of 120,000 and monthly ad revenues of $40,000, says Cook.

The company also publishes other magazines: *Amazing*, a bimonthly (12,000 circulation) that is also the oldest science fiction periodical, according to Cook; *Ares*, a bimonthly science fiction gaming magazine (7,000 circulation); *Strategy & Tactics Magazine*, a bimonthly military and historical gamirg magazine (15,000 circulation); and *Polyhedron*, a monthly.

All these properties, plus the spin-off books, games and hobbies, caused TSR's sales to jump by 2,133 percent between 1978 and 1982. Sales for 1982 were $20,773,000, hit $26 million in fiscal 1983 and are expected to reach the $35 million to $40 million range in fiscal 1984, according to Cook.

The next publisher on the list of fast-growing companies is General Communications, Denver, Colorado, ranked at number 112 by *Inc.* The company publishes business magazines, among them *Denver Business*, a weekly tabloid newspaper that converted to a monthly business magazine last August. The conversion doubled its revenue, says publisher and chief executive officer A. Emmet Stephenson Jr. Other magazines published by General are *Vail*, a city magazine published five times a year, soon to be quarterly; *Denver Magazine;* and a trade magazine called *Development Sales Information Catalog*, a monthly with weekly updates for the real estate industry.

Part of the success of the company, which had 1982 sales of $1,439,000, a 1,282 percent increase over 1978 sales, is its good people, Stephenson says, especially its chief operating officer, Terry Vitale. In addition, it helps to have the company run "functionally," so that each department handles all the publications.

Central Mass Media, Worcester, Massachusetts, is number 139 on the *Inc.* list, with 1982 revenues of $1,320,000, a 1,132 percent increase over 1978 revenues. Also a business publisher, Central Mass Media issues four publications, *Business Worcester*, a monthly tabloid; *Ocean State Business*, also a monthly; *Worcester Magazine*, a free weekly tabloid newspaper; and *CentrumGuide*, a monthly entertainment guide for central Massachusetts.

Dan Kaplan, publisher and president, attributes the company's success to "filling a niche" and being very marketing- and sales-oriented. He also notes he doesn't have a lot of competition for the Massachusetts business market reader. There are 62 employees at Central Mass Media now, as compared with 45 a year ago, another measure of the company's growth.

Two publications have fueled the success of Wizard Publications of Torrance, California. *BMX Action* (circulation 206,000), a bicycle-motocross action magazine for children, and *Bicycle Sport* (circulation 100,000), for adults, were started by publisher Bob Osborn. 1982 sales of $1,804,000 topped 1978 sales by 860 percent, putting the company in *Inc.*'s number 212 slot. Sales for 1983 should be in the $2.5 million to $3.0 million range, says business manager Derrick Rogers. A number of spin-offs, such as books and handbooks are also sold, he adds.

Southern Accents Magazine's publisher, Walter Mitchell Jr., attributes the growth of his magazine to "dumb luck" and "hard work." The magazine, ranked at number 331 on *Inc.*'s. list, had revenues in 1982 of $2,959,000, a 566 percent increase over 1978 revenues. The secret to the success of *Southern Accents*, which is subtitled "the magazine of fine Southern interiors and gardens," is "dealing with rich folks," according to Mitchell. The magazine's readers, now numbering 185,000, have an extremely high demographic profile: annual household incomes averaging [illegible]2,193 and principal home market[illegible]es of $213,191. The magazine, publ[illegible]d in Atlanta,

Georgia, almost didn't make it when on a first direct mail effort, Mitchell got a dismal response from a poorly chosen list. Later efforts, sent to a "high society" list of names, drew an overwhelming response, and the magazine was launched.

Skybird Publishing, New Orleans, Louisiana is the only trade magazine publisher on *Inc.*'s fastest-growing list. The company publishes *Play Meter*, for the coin-operated game machine industry. The magazine, published twice a month, has 11,000 subscribers and goes to 63 foreign countries, explains president and publisher Ralph Lally. He attributes the magazine's success to "a liberal editorial philosophy—we're not afraid to step on toes." The magazine has turned down "tens of thousands" of dollars in advertising because it refuses to take ads from companies manufacturing gaming equipment that can be used as illegal gaming devices. "It would get our readers in trouble," Lally asserts.

Since 1980, the company also has run a trade show, called Amusement Operators Expo, at the Hyatt O'Hare in Chicago. "We had 8,000 people last year and 500 booths," Lally says. "It's becoming a very successful show." Altogether, the trade show and the magazine brought in $1,697,000 in revenue in 1982, a 529 percent increase over 1978 sales, putting the magazine at 361 on *Inc.*'s list. The 1983 revenue figure will be about $2.2 million.

The eighth publisher on *Inc.*'s list is Seavex Limited, Boston, Massachusetts, which is primarily an ad representative firm, but has part ownership in two magazines. *Pacific*, a quarterly, goes to American Express card holders in Southeast Asia, and is published by a Hong Kong publishing company. Seavex is general partner in *Ultrasport*, a bimonthly for endurance sports enthusiasts, which premiered in January. Most of the growth for the firm, however, is in the "repping" business, explains Steven Rau, associate director. The company, listed at number 478 by *Inc.*, had a 417 percent sales increase from 1978 to 1982, with 1982 revenues of $1,256,000.

Work-for-hire

(Continued from page 9)

rights in an agreement separately and specifically, as the Cochran bill requires. "It is inconceivable what you would write to have all rights transferred," Agdern says. "You'd never be able to finish. There's always another subclause, another wrinkle. If you want to transfer all rights you have to write 'all rights.' "

The publishers' representatives also contend that the legislation would hurt freelancers more than it would help them. David Lee, vice president of MPA, said magazines would be much less likely to use freelancers if publishers had little or no control over future uses of the work. "This is an example of wrong-headed legislation," he says.

"This bill threatens to throw the baby out with the bath water," adds a Washington, D.C. lobbyist.

Carol Risher, director of copyrights for the American Association of Publishers, said the Cochran bill is based on the false assumptions that all publishers "are out to abuse" freelancers, and that legislation can prohibit abuses from occurring.

Risher suggested that representatives from freelancers' and publishers' organizations meet to discuss freelancers' grievances. "We can't throw out a working system," she says.

New computer software

Datamension Corporation has added "Exec" to its Report Manager spreadsheet software. Exec is a built-in command language that uses simple commands (similar to Basic commands) and can capture and repeat sequences of keystrokes. The Exec front-end applications include loan payments, future and present value, effective interest, amortization and linear regression. Exec programs can perform tax calculations, analyze responses to on-screen questionnaires and create departmental reports. Minimum requirements are an IBM Personal Computer, 128K or RAM and two disk drives. For additional information, contact Datamension Corporation, 615 Academy Drive, Northbrook, Ill. 60062.

Pearlsoft Division, Relational Systems International Corporation, has a new integrated accounting system for the IBM Personal Computer. Every on-screen form, printed report and file can be customized to the small- to medium-size business' specific requirements. The system, Accounting Pearl—with general ledger, accounts receivable, accounts payable, payroll and inventory modules—is available for $895 at Pearlsoft dealers. For more information, contact Pearlsoft Division, Relational Systems International Corporation, 25195 SW Parkway, Wilsonville, Ore. 97070.

CMA Micro Computer has announced the release of a new free software catalog for the firm's new line of applications mini-packs. The firm currently offers over 200 packages for the IBM, Apple II, Apple III, Apple Lisa, TRS-80 and Wang Professional computers. Mini-pak is the firm's line of low cost, single-purpose business applications, including inventory management systems, and payroll and general ledger applications, as well as receivables applications. For a free catalog, write CMA Micro Computer, 55722 Santa Fe Trail, Yucca Valley, Calif. 92284.

Briefs . . .

Esquire is making a promotion out of its exhaustive search for future leaders under 40, to be featured in its 1984 Esquire Register issue. It will use ads in *The New York Times*, *The Wall Street Journal*, *The New Yorker*, *Forbes* and *Time*, as well as a direct mail campaign expected to elicit nominations from 60,000 people. The magazine expects to have about 5,000 nominations from which the staff will choose between 40 and 60 people.

Revenues for The New York Times Company magazine group decreased by 3 percent in the third quarter of 1983 to $43.3 million, while operating profits declined to $3.8 million from the 1982 third quarter figure of $5.6 million. The decline occurred largely because the third quarter of 1983 included one less issue of *Family Circle* than the third quarter of 1982 as a result of the magazine's 17-issues-a-year publication schedule.

Time Inc. has established the Time Inc. Scholars Program to assist minority college students. The company's initial grant will be $100,000 to 10 colleges and universities.

National Journal will publish a convention daily, 16 to 24 pages in length, to be distributed free at the Democratic and Republican conventions in 1984. Management hopes the issue will be supported by top corporate advertisers, major labor unions and trade associations interested in reaching *National Journal*'s audience of opinion-makers.

People

Jay Burzon to senior vice president, Parade Publications, Inc., from vice president, associate publisher/advertising, *Woman's Day*. He will be responsible for ad sales, marketing, advertising promotion, research, public relations and newspaper relations.

Jonathan B. Piel to publisher, *Scientific American*, replacing his father, **Gerard Piel**, who will continue as chairman of the company. **Brian P. Hayes** to editor, from associate editor.

Marshall Loeb to editor of Magazine

Advertising sales

1983 revenues, pages show healthiest gains since 1978

New York City—After a very poor year in advertising pages and revenues during 1982, magazine publishers had a robust 1983, posting some of the highest percentage gains since the late 1970s. Advertising revenues rose by 14.9 percent in 1983 compared with 1982. That is the largest percentage revenue increase since 1978, when revenues rose by 21 percent over those of the year before. And pages rose by 9.4 percent in 1983 over 1982, the highest percentage increase since 1976, when pages rose by 17 percent over those of the previous year.

Revenues for 1983 grew to $3,939,064,007, up by $510,160,951, while ad pages rose to 133,047.32, up by 11,430.55, compared with 1982 totals. Figures were reported by the 121 current Publishers Information Bureau (PIB) members.

All the magazine categories analyzed by PIB registered increases in ad pages and revenues during 1983, and seven of the nine registered revenue gains of 10 percent or more. Only the newspaper supplements category, composed of *Parade, Family Weekly* and *The New York Times Magazine*, posted a slight decline in ad pages, 0.9 percent, on an 8 percent revenue gain.

The category with the highest percentage increase in revenues was the fashion and service area, with a 25 percent revenue gain, on a 9 percent gain in pages. *Harper's Bazaar* led the increase in this category, with a 29.2 percent revenue hike on a 12.5 percent page increase. Next-highest percentage revenue increase came in the business category, which posted a 23.5 percent revenue increase over 1982, on a 13.3 percent increase in pages. *Venture* led this category with a 110.5 percent revenue gain on a 69.2 percent increase in pages.

The monthlies category, which had the next-highest percentage increase in revenues, of 14.1 percent, also posted the highest percentage increase in ad pages of any of the categories, 15.1 percent. (The fact that the percentage page increase in this category is higher than the percentage revenue increase can be attributed to the inclusion of several smaller magazines, which realized sizable gains in ad pages on smaller revenue bases, according to a PIB spokesman.)

Monthlies outperformed the weeklies and biweeklies category in percentage increase of ad pages, although the percentage revenue increases for these categories were close (weeklies and biweeklies had a 13.6 percent revenue increase on a 5.6 percent increase in ad pages). This reversed the two categories' standing in 1982, when the weeklies and biweeklies category outperformed the monthlies in ad page increases over the previous year.

The ad page increases in the

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Magazines ranked by ad pages January-December 1983

Rank	Publication	Pages	% change from 1982
1	*Business Week*	4,643.94	7%
2	*TV Guide*	3,643.53	1
3	*The New Yorker*	3,636.62	–7
4	*People Weekly*	3,448.72	–3
5	*Forbes*	3,402.12	15
6	*Fortune*	3,288.77	21
7	*Vogue*	3,112.53	11
8	*Newsweek*	2,958.18	3
9	*New York*	2,919.73	15
10	*Sports Illustrated*	2,760.59	2

Source: Publishers Information Bureau

Only five of the top 10 magazines in ad pages were also listed in the top 10 in ad revenues: *Business Week, TV Guide, People Weekly, Newsweek* and *Sports Illustrated. Time*, the number one magazine in ad revenues, just missed the top 10 in ad pages: It was ranked 11th with 2,698.63 pages, a 2 percent increase over 1982 totals.

Magazines ranked by advertising revenue January-December 1983

1983 rank	1982 rank	Publication	Revenues	% gain over 1982
1	1	*Time*	$298,611,587	16%
2	2	*TV Guide*	269,421,813	12
3	3	*Newsweek*	218,722,832	12
4	4	*Sports Illustrated*	183,222,344	12
5	5	*People Weekly*	175,515,364	10
6	6	*Business Week*	156,499,010	17
7	7	*Good Housekeeping*	127,243,052	15
8	8	*Family Circle*	118,829,941	12
9	10	*Better Homes and Gardens*	109,037,661	9
10	–	*Woman's Day*	105,864,537	19

Source: Publishers Information Bureau

Although the top eight magazines in ad revenue kept the same order in rank from 1982 to 1983, there was some shifting in the bottom two places. *Better Homes and Gardens*, which was number 10 in 1982, moved up to ninth place, while *Reader's Digest*, which placed ninth in 1982, dropped out of the top 10 altogether, into 11th place. *Woman's Day*, 11th in 1982, moved up to become the last of the top 10 in 1983.

valuable to readers and, thus, a good place to advertise. A yearly equipment survey, for instance, in which *R&I* identifies what equipment is being used and purchased, is helpful to both advertisers and food service managers.

Advertisers and readers can obtain the *R&I* market data from the magazine, which usually contains the abridged results of 10 research projects per issue; through proprietary agreements with *R&I*'s Bureau of Food Service Research; and from the bureau directly, free of charge, the publisher said.

"In the food service field, advertisers can't get the kind of target information that they want easily and inexpensively," Wexler says. "A magazine that supplies them year after year gets to know their problems better."

The benefit *R&I* derived from this on-going relationship in 1982 was the largest ad revenue increase and 17th-largest increase in ad pages among business magazines, according to The FOLIO:400. Revenues totaled $17.8 million, a $4.5 million rise over 1981, and pages totaled 3,011, a 320-page jump.

Revenues increased by another $1.6 million and pages by 430 in 1983, according to Wexler.

R&I, a Cahners publication, spends "far in excess" of $500,000 a year on research projects, such as the equipment census, the publisher said. Other projects include the following:

•A menu survey, in which the popularity of more than 100 food products is tracked in restaurants, fast food chains, hospitals, schools and colleges

•A national family opinion poll, in which over 20,000 families are asked about their favorite foods and restaurants, and how often they eat out

•A jobs survey, in which more than 4,000 food service employees are asked about their salaries, backgrounds and aspirations

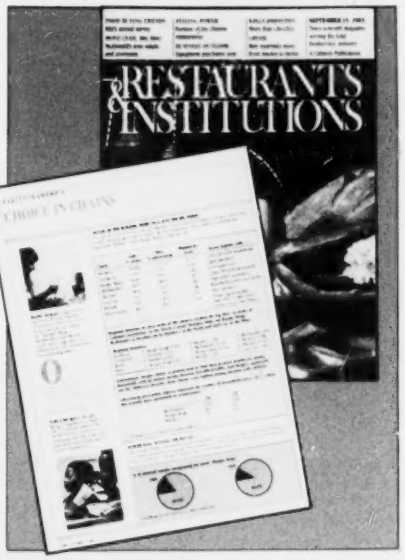
•A food service cost index, in which the cost of 25 items, from lettuce to hamburgers, is measured.

"We're doing a lot of things that other magazines don't want to spend money on," Wexler says. "Others won't do it because they can't tie it to any specific ad campaign or schedule."

The publisher also attributed *R&I*'s success to the general growth of the food service market. That market now receives 37.8 cents of every dollar spent on food—an increase of 12.3 percentage points over 1954—according to U.S. Department of Agriculture figures.

"Overall, food service magazines have gained an average of 10 percent in pages every year," he says.

Wexler said the recession also helped *R&I* by forcing advertisers to concentrate their ads in the large food service magazines. "Our increases came about as people cut back from buying six pages in every book to advertising in just a few," he says.



Advertising revenue climbed 46 percent at *Restaurants & Institutions* in two years, largely because of in-depth editorial research in each issue.

In addition to making gains in ad pages and revenues, *R&I* has hiked its non-paid circulation by 20,000, to a total of 127,000, and increased its frequency of publication from 24 to 26 times a year.

Size has different effect on color, b&w ad performance

New York City—The size of a four-color advertisement affects all aspects of its performance, whereas the size of a black-and-white ad affects only its ability to attract reader attention and to build reader preference, according to a study by McGraw-Hill's Laboratory of Advertising Performance (LAP).

The LAP study of 863 black-and-white ads and 2,043 four-color ads found that large color advertisements attract reader attention, build reader preference, create awareness, arouse interest and keep customers sold more effectively than small color ads. But larger black-and-white ads do not have a greater ability to build awareness and interest, or help keep customers sold, the study found.

According to the LAP report:

•Larger four-color and black-and-white ads are more likely than small ones to attract a reader's attention. The average "establish contact" score for spread ads was 40 percent higher for color and 36 percent higher for black-and-white compared with fractional ads.

•Larger four-color ads significantly increase awareness of a product or service being advertised. The "create awareness" score for color spread ads was 27 percent higher than for fractional ads, but the score was 8 percent lower for black-and-white spread ads than for fractional ads.

•Four-color full-page and spread ads increase interest in a product by 22 percent and 21 percent respectively. The size of black-and-white ads did not affect the interest shown in a product.

•Larger four-color and black-and-white ads significantly increase a reader's preference for a product or service. The "build preference" scores for color and black-and-white spread ads increased by 34 percent and 23 percent respectively.

•Four-color spread ads increased the "keeping customers sold" score by 10 percent over fractional ads, but black-and-white spreads were no more effective than fractional ads in keeping customers sold.

PIB figures

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monthlies category were paced by the 227.5 percent page increase registered by *Consumers Digest*, which went from 28.35 ad pages in 1982 to 92.85 in 1983. Other monthly magazines turning in healthy increases in ad pages were *Esquire*, which went from 778.64 pages in 1981 to 1,255.14 pages in 1983, a 61.2 percent increase, and *American Health*, which posted a 65.9 percent increase in pages from 154.56 to 256.34 in 1983.

The women's category of magazines posted a 15.1 percent revenue increase on a 7 percent page gain, while the youth category, composed of only *Boys' Life*, posted a 9.6 percent revenue gain on a 4.9 percent increase in pages. The mechanics and science category had a 10.7 percent revenue increase, on 3.3 percent more pages. The home category of magazines posted a 9.2 percent revenue increase on a 4.4 percent page gain, while the outdoor and sports group registered a 6.5 percent revenue increase on 3.2 percent more pages.

People

Marvin Krauss to marketing director, *Vanity Fair*, from advertising manager, *New York*.

Mark Ford to manager of the Chicago office, *Cosmopolitan*, from sales representative; **Marshall Feldman** to New York advertising manager, from senior advertising rep.

he adds. "We talk to the wholesalers, but most business habits are so deeply ingrained that it's very difficult to change their ways."

Magazines' productivity at retail surpasses other categories by far

North Arlington, N.J.—Magazines perform very well in terms of their productivity for retail stores, much better than other categories of products, says Jack Fitzmaurice, president of Periodicals Institute (PI), a marketing/merchandising organization. Publishers should be aware of the advantages magazines have over other merchandise, he recommends, since it contributes to an overall knowledge of the distribution system for their magazines.

Speaking at seminars held by PI for publishers and wholesalers, Fitzmaurice explained that both the number of "turns" and gross margin for magazines are high compared with those of other categories of merchandise. (Turnover, which is measured in "turns," or the number of times inventory turns over in a year, is computed by dividing the annual retail sales in a store by the average inventory.)

The number of turns and the gross margin, when multiplied, give the gross margin return on investment points, and this is a measure of a category's productivity at retail, Fitzmaurice explained. Magazines and books, which are measured together as a category, have a relatively high number of turns, between 15 and 18, although the exact number is disputed. They also, as a category, produce a relatively high gross margin (gross margin includes RDAs and other special allowances) of 28 percent. Taking an average of 15 turns, then, for magazines and books, and multiplying it by 28 (the gross margin) produces the figure of 420 gross margin points.

This measure of 420 gross margin points compares very favorably with that of other product categories. For instance, greeting cards, which are often thought to be a hot item for stores, measure between three and six turns, although they have a 50 percent gross margin. Thus, greeting cards produce between 150 and 300 gross margin return on investment points, significantly below that of magazines, even though their actual gross margin is higher.

Magazines manage to show higher gross margin return on investment points because both the turns and the gross margin are relatively high, Fitzmaurice continued. Some categories may have a very high number of turns, but a low gross margin, or conversely, a low number of turns and a high gross margin, but the ultimate measure, the gross margin return on investment points, is not higher than that of magazines and books.

"And when you're talking productivity of space, which is what gross margin points measure, you're talking good green dollars," Fitzmaurice says. "Magazines are one of the top three products at the check-out and they are one of the most productive lines for retail stores. In addition, they are good in-line, or mainline products, performing well in Family Reading Centers. They are definitely a prime category, not a secondary category, for retail stores to stock," he asserts.

A publisher is well-served to know these facts, Fitzmaurice continued, in order to help see that magazines are positioned well at retail. "Knowing this should help editors position their product better for single-copy sales and should help publishers work better with wholesalers and retailers, the people who display their product to the customer."

Gross margin return on investment points (number of turns x gross margin percent)

Category	No. of turns	x Gross margin %	= Gross margin return on investment points
Magazines	15	28.0	420
Tobacco	14	14.7	206
Candy	7	26.0	182
Greeting cards	3	50.0	150

Source: Jack Fitzmaurice, president, Periodicals Institute

Calculating magazines' productivity at retail in gross margin return on investment points proves magazines are a prime category for retail stores.

Top 10 American magazines in annual foreign sales

Magazine	Annual foreign sales in dollars	Foreign, U.S. possessions, military (ABC-reported issues)	U.S. only (ABC-reported issues)	Foreign issues as a % of U.S. issues	Cover price and annual frequency
1 *Penthouse*	7,200,360	200,010	2,864,731	6.9%	$3.00 12
2 *Playboy*	6,483,924	180,109	1,858,380	9.6	3.00 12
3 *Life*	1,346,712	56,113	586,922	9.5	2.00 12
4 *Muscle & Fitness*	1,341,943	37,908	248,730	2.3	2.95 12
5 *Architectural Digest*	1,339,200	24,800	84,320	29.4	4.50 12
6 *Hustler*	1,327,578	31,609	936,928	3.3	3.50 12
7 *Omni*	1,279,530	42,651	399,240	10.6	2.50 12
8 *Scientific American*	1,053,360	35,112	80,285	43.7	2.50 12
9 *National Enquirer*	1,020,828	30,202	4,338,612	0.7	0.65 52
10 *Easyriders*	1,018,848	42,452	290,368	14.6	2.00 12

Source: *Boarts' Report of Overseas Sales of American Magazines*

A recent study by Boarts International, Inc., of 212 magazines with international single-copy sales revealed that *Penthouse* and *Playboy* have a dramatically higher sales volume than the other eight of the 10 top-selling magazines. These figures, published in the December 1983 issue of *Boarts' Report of Overseas Sales of American Magazines*, are calculated using the June 30, 1983 Audit Bureau of Circulations report. Total foreign sales was obtained by multiplying the average copies sold per issue by frequency and cover price.